



No. ~~11393~~ 114



GIVEN BY

Hon. Josiah P. Quincy.

9
SPEECH

OF THE

HON. JOHN QUINCY ADAMS,

IN RELATION TO

THE NAVY PENSION FUND.

Delivered in the House of Representatives, on the 23th December, 1840.

The House being in Committee of the Whole on the state of the Union on the bill appropriating \$151,352 "for the payment of pensions and half pay chargeable on the Navy Pension Fund," and Mr. F. THOMAS having explained the objects of the bill—

Mr. ADAMS said that the first question he had to ask the chairman of the Committee on Naval Affairs (Mr. THOMAS) was, whether this sum of \$150,000 or more, recommended to be appropriated for this object by the special message of the President of the United States, was included in the estimates of the year?

Mr. THOMAS. I believe not, so far as I am informed.

Mr. ADAMS continued. It was not in the estimates; yet, according to the principles laid down by the President of the United States himself, it should be there. He (Mr. A.) had read in the recent message of the President, and in the report of the Secretary of the Treasury upon the finances, an exceedingly earnest recommendation to Congress to make no appropriations but such as were in the estimates; and yet, within a week after these homilies against national debts and this urgent recommendation or dictation to the two Houses of Congress not to make any appropriations but what were in the estimates, here was a special message asking \$150,000 or more, not one cent of which was in the estimates. That was sufficient for the present on that point.

But it was not his intention to oppose the passage of the bill, nor to make the question which the chairman of the Committee on Naval Affairs (Mr. THOMAS) supposed he (Mr. A.) would make—whether the Secretary of the Navy had or had not misconstrued the act of 1837. He desired, however, that that act might be read.

And the CLERK having read it accordingly—

Mr. A. continued. By this act the Government of the United States had been saddled with a permanent national debt. That was another of the things against which, theoretically speaking, the President of the United States, in his message, and the Secretary of the Treasury, in his report on the finances, had formally and gravely exhorted the two Houses to guard. Here was a national debt—a permanent national debt—as permanent as the lives of any of the persons described in the bill as entitled to call upon the Treasury for the money which it was provided should be paid to them; and for the payment of a part of that national debt Congress was at this time called upon to appropriate \$150,000, not included in the estimates; and that letter from the Secretary of the Treasury to the President, calling for the appropriation of this sum of money, was dated December 1st, before he made his annual report, in which he recommended that there should be no appropriation made by Congress, except such as was recommended in the estimates.

This was not all. He (Mr. A.) had not the document before him—for he had not expected that this matter would have been brought up to-day—but there was a document which he should have before this appropriation was made, and which was necessary in order to present this case in its proper light. There was a document of this House, not more than three years old, from which it appeared that the sum of \$1,200,000 of this navy fund—

[Mr. THOMAS here rose and said that he had that document, and would send for it and have it read at the Clerk's table.]

Mr. ADAMS continued. Very well; he would be glad to have it read. Upwards of \$1,200,000, in the year 1837, constituting that fund, had been accumulating for a number of years. What had become of it, if the fund was exhausted? It was wasted—it was gone. And what was it gone for? Gentlemen would tell the House that it had gone to pay those pensioners not provided for by the 8th and 9th sections of the act which had been read—the act of 1800; but to provide for the payment of others, their wives and children; and their cousins, uncles, and aunts, for aught he knew—provided for by the act of 1837. It was gone. Now he wished gentlemen who were so much attached to the *economies* of the present Administration, to make a little

comparison between the condition of the fund now and its condition in 1837, when the sum of \$1,200,000 had accumulated—from the interest of which all the pensions designated in the act of 1800 were to have been paid. In the space of three little years, this fund of \$1,200,000 (carrying an interest of \$70,000) was totally gone—absorbed—not a dollar of it left. Yes, there were some State stocks, to be sure; about \$18,000 or less; but they were unsaleable; and it was because they were unsaleable that this appropriation, in part, was wanted. How came this act of 1837 to have passed Congress? Because he saw, from the ground taken by the chairman of the Committee on Naval Affairs, that it was Congress that had been guilty of this waste of the public money; the President had nothing to do with it—the Administration had nothing to do with it. How, he asked, was this law of 1837 passed? Would the chairman of the Committee on Naval Affairs tell the House how it had been passed; by whom it had been brought in and supported; and in what manner it had been carried through both Houses of Congress? If he would, we should then hear whether it came from Whigs; or from economists, retrenchers, and reformers.

[Mr. THOMAS here expressed himself willing to reply to this portion of Mr. A.'s remarks.

Mr. ADAMS continued. He had a few words more to say, and as the gentleman might probably find something else to reply to, he (Mr. A.) might as well go on.

The money, he repeated, was gone; and here was a public debt, because he held that, by the law of 1837, Congress had contracted a sacred debt; and he held but a very small opinion in favor of that bill, which the gentleman (Mr. THOMAS) had said he intended to bring in to break the public faith. That faith had been pledged by the act of 1837; and now the gentleman wished to come in and say, we have exhausted this fund, and we will cheat those to whom we made the pledge. No; he (Mr. A.) would not give his consent to repeal that law, nor to reduce the number of pensioners. The faith of the Government had been pledged, and pledged, too, for services rendered by these individuals or their relatives. When the act of 1837 was before Congress, then was the time to have inquired whether these persons were fairly entitled to such a pension—whether Congress was bound to provide for widows and children, and for relatives in the seventh degree, (for aught he knew.) But that was not now the inquiry. He thought that by looking at the journals, gentlemen would see that the bill was passed through under the previous question, or something of that kind. He was in the House, but he could not say how it passed. He was not conscious of it; and the discussion must have been put down in the way in which such things were usually done in this House—by clapping the previous question upon it. No questions were asked; and that was the way in which the bill passed. He did not think he could tell the whole story; but he thought it very probable that there were those in this House who could tell if they would, and who could tell what private interests were provided for in it. He had not been able to look quite far enough behind the curtain to know these things, but he knew that the bill was passed in a way quite common since the reign of reform commenced in squandering away the public treasure. That he affirmed, and the chairman of the Committee on Naval Affairs would not, he thought, undertake to contradict it. So much for that.

What next? This fund had not all of it been expended or wasted even upon the relations of the seamen entitled to be provided for by the original act of 1800. This subject had been up before. At the commencement of the last session, a report was made by the Secretary of the Navy himself, in his annual report on this subject. Probably the chairman of the Committee on Naval Affairs had that document also. He (Mr. A.) was desirous of having it, but had not been able to procure a copy. And here (by way of digression) he commented on the difficulty of procuring any of the documents of the last session. Where the fault lay, whether with the printer or others, he knew not; he only knew the fact. Nor did he know how the case might be with other members. Probably others did things by instinct; but, for his own part, upon any subject of this kind which had been before Congress for forty years, when an extra appropriation was demanded at an hour's notice, he wanted to know what had been done in regard to it; he wanted to look back and see what action had been taken; and the very first thing he wanted in this instance was the report of the Secretary of the Navy at the last session. But it was not to be had. He wanted it, because it told a small part of the history of the enactment of the bill of 1837; and although the Secretary had not said exactly as much as he (Mr. A.) had said, yet he thought the opinion of that officer would not differ from his own as to the manner in which the act was passed. The Secretary told something, but not all. Nor had he (Mr. A.) told all. But the result of all was this—here was a sacred fund of public treasure which was laid up, amounting, as he had said, at one time to \$1,200,000, all of which was gone—scattered to the four winds of Heaven. And now, instead of paying the pensioners from the interest of that fund, Congress was called upon to make an appropriation to pay them. He did not oppose this appropriation. This was a sacred due; it was a pledge, and the bill ought to pass before the first of January. He would not now have said a word if this House had heard him upon the subject at the last session. He asked that the Clerk might read four resolutions which he had asked leave to offer at the last session, but which leave was refused; and he now gave notice that, if the House would let him, he intended to offer them again.

The Clerk then read as follows:

"1. *Resolved*, That the investment in the stocks of the several States of this Union of funds held by the Government of the United States *in trust*, is, to the amount of the sums so invested and of the interest thereon, an assumption by the United States of the debts of the said several States, in the event of their failure punctually to pay the same.

"2. *Resolved*, That the purchase, by authority of any Executive Department of the Government of the United States, of the bonds of any of the States of this Union, at their nominal value, or with a premium thereon, and the subsequent sale of the same bonds at a discount, is an unwarrantable and wasteful dilapidation of the public funds.

"3. *Resolved*, That it is the duty of the Executive Government of the United States to require of the Government of each and every State of this Union in whose stocks investments of the public moneys held in trust by the Government of the United States have been made, punctual payment, in specie or its equivalent, of the interest stipulated in the said stocks, and repayment of the principal, as soon as possible by the terms of the contracts upon which such stocks have severally been issued.

"4. *Resolved*, That the further investment of any public funds of the United States in stocks of the several States ought forthwith be prohibited by law; and that the Committee of Ways and Means be instructed to report a bill for that purpose.

Mr. A. continued. It would be seen that these resolutions were directly adverse to the policy which had been adopted by the Government under the present Administration, of employing the trust funds, as well as the public funds, of the Union, by investing them in State stocks, and taking State bonds in payment for them. He had not yet been able to ascertain precisely who was the originator of that system. He heard all the friends of this Administration speaking with horror of the idea of the United States becoming responsible for State debts—assuming State debts, and yet State debts had been assumed in that form to the amount of millions of dollars by this very Administration. In the same year of 1837, when Congress passed an act for depositing with the States the sum of forty millions, being the surplus then in the Treasury, it was proposed to invest the whole of that money in State stocks, and thereby assume so much of the debts of the States as they amounted to. The originator of that proposition in another part of this building was the chairman of the Committee on Finance, and in the speech which he made he said that the plan was not his, but that it came from the Secretary of the Treasury; that was the plan of the chairman of the Committee on Finance; that the forty millions of surplus should be invested in State stocks. That project did not then obtain; the other project to deposite the money with the States was adopted. But there was the foundation of the system, and he believed that every dollar of State stocks which had since been invested, had been invested upon that system. At the last session of Congress he had offered a resolution calling upon the several Departments of the Government to state what was the amount of the sums invested in State stocks in this manner, and by what authority they were invested, and at that time the Secretary of the Navy returned this answer:

"NAVY DEPARTMENT, *April 9, 1840.*

"SIR: In reply to the resolution of the House of Representatives of the 23d ultimo, directing the Secretary of the Navy to report a statement of all the sums of money belonging to the Navy pension fund which have at any time been invested in stocks of the several States, specifying the authority by which such investments have been made, the dates of such investments, the rates at which the several purchases of the stocks have been made, and the dates and rates at which they have been sold, I have the honor to enclose statements, numbered from 1 to 3, which contain an account of the purchase and sale of said stocks; and to state that the investments of the same were made under the authority of the act of Congress of April 23, 1800.

"I have the honor to be, very respectfully, your obedient servant,

J. K. PAULDING.

"Hon. R. M. T. HUNTER,
Speaker of the House of Representatives."

Now, he (Mr. A.) would thank the chairman of the Committee on Naval Affairs to point out to him that portion of the act of 1800 which authorized the investment of any portion of this fund in State stocks. The authority was not to be found in the eighth or ninth sections which had been read. There was no authority to invest any portion of this fund in State stocks; but in the statements which were made in consequence of that resolution calling upon the Secretary of the Navy to report, he found the following statement:

A statement showing the several sums of money belonging to the Navy pension fund, which have been at different periods vested in stocks of the State of Pennsylvania, and the dates and rates at which they have been sold.

When purchased.					Amount.
1832	-	-	-	-	\$212,469 16
Cost					\$243,485 92
When sold.					Amount. At what rate.
November 8, 1837	-	-	-	-	\$22,530 84 103 $\frac{3}{4}$
November 8, 1837	-	-	-	-	32,469 16 99 $\frac{3}{4}$
June 1, 1838	-	-	-	-	2,000 00 100 $\frac{3}{4}$
June 2, 1838	-	-	-	-	7,452 39 100 $\frac{3}{4}$
June 4, 1838	-	-	-	-	11,136 18 100 $\frac{3}{4}$
June 4, 1838	-	-	-	-	1,880 59 100 $\frac{3}{4}$
June 4, 1838	-	-	-	-	37,530 84 100 $\frac{3}{4}$
December 22, 1838	-	-	-	-	5,000 00 101 $\frac{1}{2}$
December 22, 1838	-	-	-	-	82,469 16 104 $\frac{1}{2}$
December 22, 1838	-	-	-	-	10,000 00 104 $\frac{1}{2}$
					\$212,469 16

So that the loss between the purchases and sales would amount to upwards of thirty thousand dollars by these two operations of purchasing and selling State stocks.

Then came a statement showing the several sums of money vested at different periods in the State stocks of Maryland :

A statement showing the several sums of money belonging to the Navy pension fund which have been at different periods vested in stocks of the State of Maryland, and the dates and rates at which they have been sold.

When purchased.					Amount.	At what rate.
March, 1832.	-	-	-	-	\$42,713 80	112 $\frac{1}{2}$
Do do	-	-	-	-	40,000 00	105 $\frac{1}{4}$
Do do	-	-	-	-	6,000 00	107 $\frac{1}{4}$
Do do	-	-	-	-	4,000 00	104 $\frac{1}{4}$
April, 1832	-	-	-	-	12,500 00	108 $\frac{1}{4}$
Do do	-	-	-	-	4,120 00	101 $\frac{1}{4}$
May, 1832	-	-	-	-	14,000 00	110 $\frac{1}{4}$
Do do	-	-	-	-	16,886 92	108 $\frac{1}{4}$
					\$140,220 72	
When sold.					Amount.	At what rate.
August, 1834	-	-	-	-	\$7,000 00	101
Do do	-	-	-	-	2,500 00	102
September, 1834	-	-	-	-	1,500 00	102
Do do	-	-	-	-	4,000 00	102
Do do	-	-	-	-	5,000 00	102
October, 1834	-	-	-	-	2,000 00	102 $\frac{1}{4}$
December, 1834	-	-	-	-	3,000 00	103 $\frac{1}{2}$
March, 1835	-	-	-	-	500 00	106
April, 1835	-	-	-	-	500 00	105
May, 1835	-	-	-	-	1,000 00	106
June, 1835	-	-	-	-	2,200 00	106
November, 1835	-	-	-	-	1,000 00	103 $\frac{1}{2}$
December, 1835	-	-	-	-	2,000 00	103 $\frac{1}{2}$
1836	-	-	-	-	20,000 00	par.
May, 1836	-	-	-	-	700 00	par.
November, 1836	-	-	-	-	35,000 00	par.
April, 1839	-	-	-	-	2,320 72	par.
Do do	-	-	-	-	50,000 00	99 $\frac{1}{2}$
					\$140,220 72	

These (Mr. A. said) were premiums given for the stocks of the State of Maryland ; with their sales above par, at par, and below par.

Then came a similar statement in relation to purchases made in stocks of the State of Illinois :

A statement showing the several sums of money belonging to the Navy pension fund which have been at different periods vested in stocks of the State of Illinois, and the dates and rates at which they have been sold.

When purchased.				Amount.		At what rate.
January 17, 1838	-	-	-	\$100,000 00	-	106
When sold				Amount.		At what rate.
July 6, 1839	-	-	-	\$13,000 00	-	99
August 19, 1839	-	-	-	17,000 00	-	97 $\frac{1}{2}$
December 28, 1839	-	-	-	20,000 00	-	63 $\frac{1}{2}$
Do do	-	-	-	25,000 00	-	63
Do do	-	-	-	10,000 00	-	62 $\frac{3}{4}$
Do do	-	-	-	10,000 00	-	62 $\frac{1}{2}$
Do do	-	-	-	5,000 00	-	62 $\frac{1}{4}$
				<hr/>		
				\$100,000 00		

Now these were not the only sums which had been purchased and sold in the same way. Sums amounting, he thought, to four or five millions of dollars, had been similarly invested. And now what did the Secretary of the Navy tell us? That all these stocks were greatly depreciated in value, and that some of them were now altogether unsaleable.

He (Mr. A.) was obliged to make his observations in a desultory manner, because he was quite unprepared. But some of his friends had had the goodness to obtain for him the report of the Secretary of the Navy to the last session of Congress, and which, he had said, he could not obtain. He wished the Clerk to read a few paragraphs.

The Clerk then read as follows:

“Act of March 3, 1837, grants pensions to the widows, and, if no widows, to the children under twenty-one years of age, of all officers, seamen, and marines, who ‘have died, or may hereafter die, in the naval service,’ to be paid from the dates of the deaths, and to be half-pay of the navy, as such pay was on the 1st of January, 1835. It provides that pensions already granted, or to be granted, to invalids, shall be paid from the time when they were disabled; and it repeals all laws inconsistent with itself. This most comprehensive act has, in the short space of two years, distributed to navy pensioners more money than was required by the operation of all the other navy pension laws during the period of nearly forty years. Its future effect is beyond estimate.

“Pensions to invalids of the army, and to the widows and children of those killed in the army, have not been so lavishly bestowed as in the navy; and the reason of the difference is said to be, because the navy pension fund was created by the services of the navy, and is not a charge upon the public Treasury. So long as the fund thus created shall last, the reason will be satisfactory; but when the fund shall be exhausted, (as it must be in two years, and probably in less time,) and Congress shall find it necessary to make large appropriations out of the public Treasury on this account, the reason of the difference will cease. It will then be extremely difficult, if not impossible, to refuse to the army a pension law similar to the act of March 3, 1837, for the navy. It must be noticed that this act allows pensions to the widows of *all persons who ever died, or shall die, in the navy*, to be paid to them from the dates of the deaths, until they shall die or marry; and, if no widows, then to the children under twenty-one years old. Should the deaths occur in violation of duty, or even by sentence of a court-martial, still the widows and children are entitled to pensions under this law. The pensions already vested and granted by this act will, in two years, perhaps sooner, exhaust the fund; and this must be the result even if the act were repealed to-day; for such repeal cannot reach the pensions already granted and vested by the act. The public faith is pledged by act of Congress to make up the deficiency in the navy pension fund; and, as this pledge must soon be redeemed, it is now necessary to contemplate the subject.

“The vast importance and consequences of the act of 3d March, 1837, will justify a circumstantial detail of its history; and that the whole may be fully understood, it is proper to state that the naval committee of the Senate had requested the Secretary of the Navy to prepare a plan for navy pensions. After the most careful consideration, he submitted a plan which was as liberal as it could be made without diminishing the capital of the pension fund. The committee reported a bill very nearly in all respects according to the plan of the Secretary. It passed the Senate; but it is believed that, on its third reading in the House of Representatives, about midnight, on the 3d of March, 1837, it was most unexpectedly denounced as an extravagant measure, that it would destroy the fund, &c. The bill was then amended, by striking out all except the enacting clause, and inserting what is now the act of March 3, 1837. This amendment was understood to be less expensive than the bill from the Senate—that it was a retrenchment measure—would save money to the fund, &c.

“This statement is thus particularly made that Congress may have a complete view of the entire subject, and because it is certain that any postponement of the matter will create embar-

rassments difficult to be removed by any future legislation. The Department has, so far as possible, in every instance limited the disbursements under the act; but, when the parties satisfactorily proved their claims under the act, the Secretary of the Navy had no authority to refuse payment.

"The system has expanded to its present extent through the legislation of Congress; and doubtless that honorable body will adopt such course respecting it as will, under all the circumstances, best redeem their pledge of the public faith, without affording any just cause of complaint to the parties interested."

Mr. A. continued. He had had these extracts read to show the House that no fault could be imputed to the Secretary of the Navy, at the commencement of the last Congress, on the ground of not having informed this House what was the condition of that fund. He (Mr. A.) spent no small portion of the last session in entreating the House to take up this subject. The recommendation was then made to take it up immediately, in order to arrest this bleeding artery. But no; the New Jersey members were to be brought into the House at any sacrifice; but as to the funds of the United States, or their obligations, or the want of means to meet them, the House had not time to consider or think any thing about them.

Towards the close of the last session of Congress a message was transmitted by the President covering a communication from the Secretary of the Navy, suggesting that an appropriation of \$50,000 was necessary to meet the payment of pensions coming due on the 1st of July last. The message was sent on the 19th of June, and there was in it a letter from the Secretary of the Navy, stating that the sum of \$50,000 was required to pay pensions coming due on the then 1st of July, and that it was found impracticable to effect a sale of the stocks belonging to the fund, even at considerable loss, in time to meet the payment. What did the House do with that message? It had no time to consider it; and then it was that he had offered his resolutions. But the House would not receive them—would not allow them to be read. The time of payment came—and sacrifices of the stocks were made, which were absolutely indispensable so long as the House would not make the payment. And that \$50,000 was one of the demonstrations and reductions from the expenditures of 1840, about which the President and the Secretary of the Treasury were congratulating themselves and the country. They called for the \$50,000. They told the House that if that sum was not appropriated it would be necessary to make great sacrifices. Yet the House refused to consider the subject at all; and this sum now stood less upon the expenditures of the year 1840, and the President and Secretary came forward and said, "see how much less was expended this year than was expended last." This was one of the items. This was the system of economy with which we were so cheerfully regaled in the Message of the President and the Report of the Secretary of the Treasury.

In the Report referred to, the statement of the Secretary of the Navy was, that the stocks at present held by the Navy pension fund were:

City of Cincinnati 5 per cent.	-	-	-	-	-	-	\$100,000
City of Washington 5 per cent.	-	-	-	-	-	-	33,339
Bank of Washington	-	-	-	-	-	-	14,000
Union Bank of Georgetown	-	-	-	-	-	-	11,400

The nominal value was put at \$158,739, and then came the note that all these stocks were depreciated in value, and that some of them were altogether unsaleable. Here, to be sure, were no State debts; but he knew that there were debts due from several important points of the Union. There was \$100,000 in city of Cincinnati 5 per cent. stock. What operation that had on the elections in the city of Cincinnati he would not undertake to say; but we were now told that it was unsaleable—good for nothing—and that an appropriation of money was wanted to supply the amount which that stock should have provided for.

Nor was this all. About the 1st of September, 1838, the sum of five hundred and nine thousand dollars and upwards was deposited in the Mint at Philadelphia in gold—in mint drops—a sacred trust which the United States had accepted upon the pledge of their faith to keep it whole, entire, for the purposes for which it had been given by a foreigner. Within three days, the five hundred and nine thousand dollars were on their way to Arkansas to make a bank. Mr. A. (who was here scarcely heard by the Reporter) was understood to say that the two members of the Senate and the member of this House from the State of Arkansas had a quick scent of the moneys that were coming into the Treasury. They were not as yet come; and in the bill making appropriations for the support of the Academy at West Point, in the sixth section, upon the last day of the session, under the operation of the previous question, a provision was inserted authorizing the President and the Secretary of the Treasury to loan to the States that sum of money when it should come into the Treasury. This was three months beforehand, and, three days after the money was received, the plan was carried into execution.

Now, we had heard of British gold carrying the elections which had just gone off—not in favor of the present incumbent of the presidential chair, but against him. There he (Mr. A.) put his finger upon \$509,000 of British gold which contributed, so far as it could go, to the reelection of the present Executive Magistrate; and he (Mr. A.) thought he had shown the

means by which it was done. Go to the State of Arkansas. The dollars are not there, but they *were* there, and they were sent there from the mint of the United States. Here was policy—profound policy—economy—democracy; and all this, too, accompanied with so great a horror at the idea of assuming State debts, that the hair of gentlemen stood on end at the mere mention of the possibility of such a thing. Was not here a debt of the State of Arkansas of half a million of dollars? Had not the General Government assumed that debt? Had they not employed trust money? If Arkansas should declare itself insolvent to-morrow, Congress must pay the debt; they had assumed it. Arkansas had but one Representative on this floor. Now, if Congress assumed debts of Arkansas, to create banks or for any other purpose, what did the rule of justice require if the State of New York came here and called upon Congress to assume her debts and take her bonds? Twenty millions of dollars! The State of New York had a right to come and demand that Congress should take twenty millions of dollars of her bonds as a matter of right, Congress having done the same thing with Arkansas. What would be the rule of justice with Pennsylvania? She had a right to demand \$14,000,000. He could very easily make up a sum of two hundred millions, by doing nothing more than just carrying out the very principle on which the sum of \$509,000 of gold—British gold—went into the coffers of the State of Arkansas to make a bank.

He had desired a long time to say this much to the House; and he said it now, although a little *out of order*, because he had never been allowed to say it *in order*. [Laughter.] At the last session the House would not hear him upon any thing; and it was that consideration which induced him to offer the resolutions he had read, and which gave something like a sample of these things. He offered them after the very message calling for \$50,000 for this very object had come in. But no, it was not in order, and there was a gentleman here who cried out "*I object!*" [General laughter.] He (Mr. A.) was not heard by the House, but he had now been heard; and he hoped that when he should again offer these resolutions, as he wished to do, they might at least be allowed to go on the journal as a record, to show that such propositions had been offered. Those resolutions went utterly and entirely against the system of purchasing State bonds above par and selling them fifty or sixty per cent. below par. He said that, so far as it went, it was an assumption of State debts; and if gentlemen were so averse to the assumption of State debts as they professed to be, he hoped they would put a stop to this course of things. One of his resolutions was to prohibit the purchase in future of any State bonds. He considered it not only an extremely impolitic and excessively improper mode of assuming State debts, if they must be assumed at all, but as being amongst the most corrupting things ever done by this Government. He had specified this sale of half a million of dollars of British gold to the State of Arkansas; but the same course of observations might be pursued; for that was not the only State which had been treated in the same way. He wished the whole subject to be looked into, and, with the blessing of God, it should be looked into at the next session. He did not expect that it would be this session. He had, he knew, travelled somewhat out of the record, and had seized this opportunity to open to the House, and, so far as he could, to the nation, what was the system which had been pursued—in what manner the funds of the nation—trust funds—had been, and continued to be, employed in the present Administration—continued, at all events, so long as there was an election ahead.

There was one further question which he wished to be considered; that was, to ascertain exactly how much permanent, irredeemable debt had been fastened on this nation by the present Administration, the head of which and the financier of which said that they were opposed to all national debt. The Secretary of the Treasury had expressly said this year that he was opposed to all debts in time of peace. Now, that officer was a great friend of Mr. Jefferson; and he (Mr. A.) would ask him what he thought of \$15,000,000 paid for the purchase of Louisiana? He would also ask him what he thought of \$5,000,000 (of borrowed money) paid for the purchase of Florida? A gentleman before him (Mr. DOWNING) thought that he (Mr. A.) was a little pledged in that; but then it was to be considered that he had never pledged himself against a national debt. The great secret of all national debts was to make a good bargain; and if an Administration did *that*, they would not come here with their homilies about national debts. Let them tell us they were against a national debt when it was against the national interest; but when the national interest requires it, let the debt be contracted on the best terms, and let it be paid honestly. That was the rule of private individuals, and it was the rule of nations; and it was a false principle for the head and the financier of a nation to say, we go against all debts in time of peace. The President told us in his message that he was against a national debt and a national bank, and that he always had been. Then he (Mr. A.) would say that, being so, the President was opposed to what might be very useful to the interests of the nation.

But, more than this—there were debts of millions upon millions which had been made. All our Indian treaties—(and there was now a bill before the House, reported by the chairman of the Committee of Ways and Means, making appropriations of six or seven hundred thousand dollars for Indian annuities)—what, he would ask, were all our Indian treaties but national debts? What were all the sums of money given to Indians for their lands? What was all this but a national debt? A sacred debt which the Government was bound to pay; and if the

Choctaws and the Chickasaws, and he knew not how many other tribes, were not extinguished, as seemed to be the policy, the Government, so long as it existed, would have to pay an annual debt to them. The Government had only now to provide the interest—\$600,000, that was to say on a debt of ten millions, at 6 per cent. Of those \$10,000,000 of principal—how much he knew not—but he believed at least four millions had already been invested in State stocks, exactly as this half million trust fund from the Smithsonian bequest had been. And, now, the Secretary of the Navy came and told us that these State stocks were good for nothing; and yet, when some of these States came to us and said, “You ought to help us—we are in distress—have made bad bargains—(as the gentleman from Florida says)—these debts are not extravagant debts—they are not for luxuries—we have not been wasting the public moneys—these are debts which, in the long run, will pay you heavy interest, and more than pay for themselves—you must take a part of them”—the exclamation was one of horror at the idea of paying State debts. That was the answer; and he wished gentlemen who thought this thing so horrible, to make the distinction, and tell him whether the Government had not assumed these four or five millions of debts to the States by investing the treasure of the Government, and, still more, the mere trust funds of the Government, in State stocks, taking the bonds of those States.

He could wish to say a great deal more on this subject, but he believed he had said enough now to open it to the consideration of members. It included within itself the policy of this nation, not only as regarded its own debts, but the respective debts of the several States of the Union. It included the general consideration of a national debt, and, probably, of a national bank. It included the justice of this nation to all the Indian tribes to which the Government had pledged large sums of money, and then spent them by investing them in State stocks.

Another example occurred to him at this moment, of the manner in which the Government contracted debts and actually wasted or employed the fund. In another part of this building, within a few days, some reference had been made to one of these trusts funds—that belonging to the Seneca nation. About the year 1790, or 1791, a purchase of land was made of the Seneca nation, and \$100,000 in the stocks of the United States were vested in the President of the United States, for the time being, for the benefit of that tribe of Indians, *in perpetua*, the Government being bound to pay to the tribe the annual interest of the money. The money was invested by order of General Washington; it was held by him in trust, invested in the 6 per cent. funds of the United States, purchased at an advance. Mr. A. was understood here to state that, in the several changes of investment of this fund which took place from the time of General Washington to that of Mr. Madison, it had been sunk from \$100,000 to \$86,000. He (Mr. A.) had himself directed a purchase of 3 per cents. to be made; it was made; and when the 3 per cents. were paid off, the sum of \$106,000 was realized for the sum which was originally \$100,000; and which was only \$86,000 when he was made the trustee. And that sum of \$106,000 was paid into the Treasury by his order. What had become of it? A few years ago, in an appropriation law, this sum of \$106,000 was appropriated for the use of the Treasury of the United States for that year, and the money was gone. The United States themselves had spent it. Now, he said that there was a debt contracted of which there was no sign or appearance in the President's message. The Government had to pay the annual interest by appropriation; but as to the principal, that was gone. The Government would not be free from this responsibility, so long as the Seneca nation existed as a tribe. The Government had used it for its own purposes, but was responsible for it. It had been a part of the ways and means for the year 1835.

At present, he should content himself with these observations, and he would leave it to the chairman of the Committee on Naval Affairs to make such reply as he thought proper; but he (Mr. A.) begged that the House would not break the faith of the nation with those pensioners who were provided for by the act of 1837. If there was no alternative but that, he would rather pay three times the amount than give his sanction to it.

